

IMPACT FEES

Principles and Practice

Bruce C. Mayberry

Planning Consultant

bmayber1@maine.rr.com

Types of Impact Studies

- **Traffic impact**
- **Environmental impact**
- **Highways and socioeconomic**
- **Developments of regional impact**
- **Cost of services (fiscal impact)**
- **Growth management support studies**
- **Impact fee ordinance and fee basis**

Impact Fee Principles

- Authorized by NH RSA 674:21, V
- Assessment to new development
- Pays for capital facilities only
- Proportionate to demand on capacity
- Of reasonable benefit to development
- Recoupment of investment allowed
- Impact fee ordinance required to enable
- Cannot use to fund “upgrades”
- Time limit on appropriation for capital project

Impact Fees in New Hampshire

- Original legislative authority in 1991
- Amendments in 2004
- About 65 municipalities with ordinances
- Impact fees vary significantly by:
 - Local demographics and market
 - Cost, quality, scale of facilities built
 - Amount of capacity- related investment
 - Facility standards per unit of development

Two major parts of the fee process:



■ Impact fee ordinance

- Enables the process and principles
- Defines “new development”
- Establishes waivers and criteria for them
- Administrative procedures, appeals, refund of fees

■ Basis of assessment

- Cost basis for fee
- Proportionality
- Schedule of fees to be assessed
- Adopted by board under general authority of the IFO
- Provides advance notice of fees in a published schedule

Impact fee schedule for planning reports

 <u>Word or phrase</u>	 <u>Fee per occurrence</u>
VIBRANT	\$1,000
RURAL CHARACTER	\$ 750
AMENITIES	\$ 500
LIVABLE	\$ 350
INTEGRATE	\$ 250
FACILITATE	\$ 275
REVITALIZE	\$ 250
COMPREHENSIVE	\$ 195

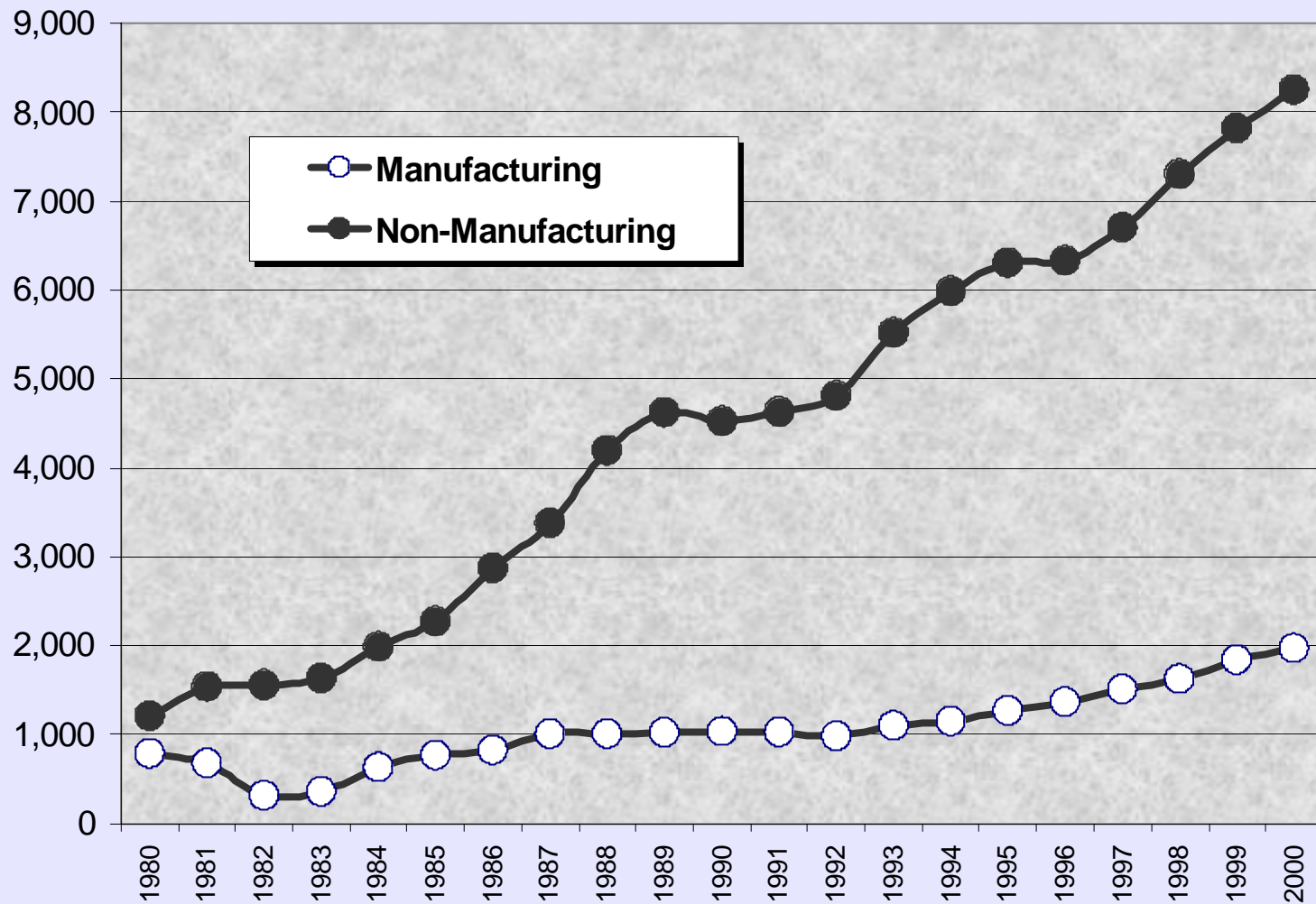
Fundamental principles

- Fee is proportionate to impact
- Impact can be defined by portion of system capacity used
- Cost per unit of capacity
- Consumption or use will vary by:
 - Type of capital facility funded
 - Residential vs. non-residential share

Impact fee process

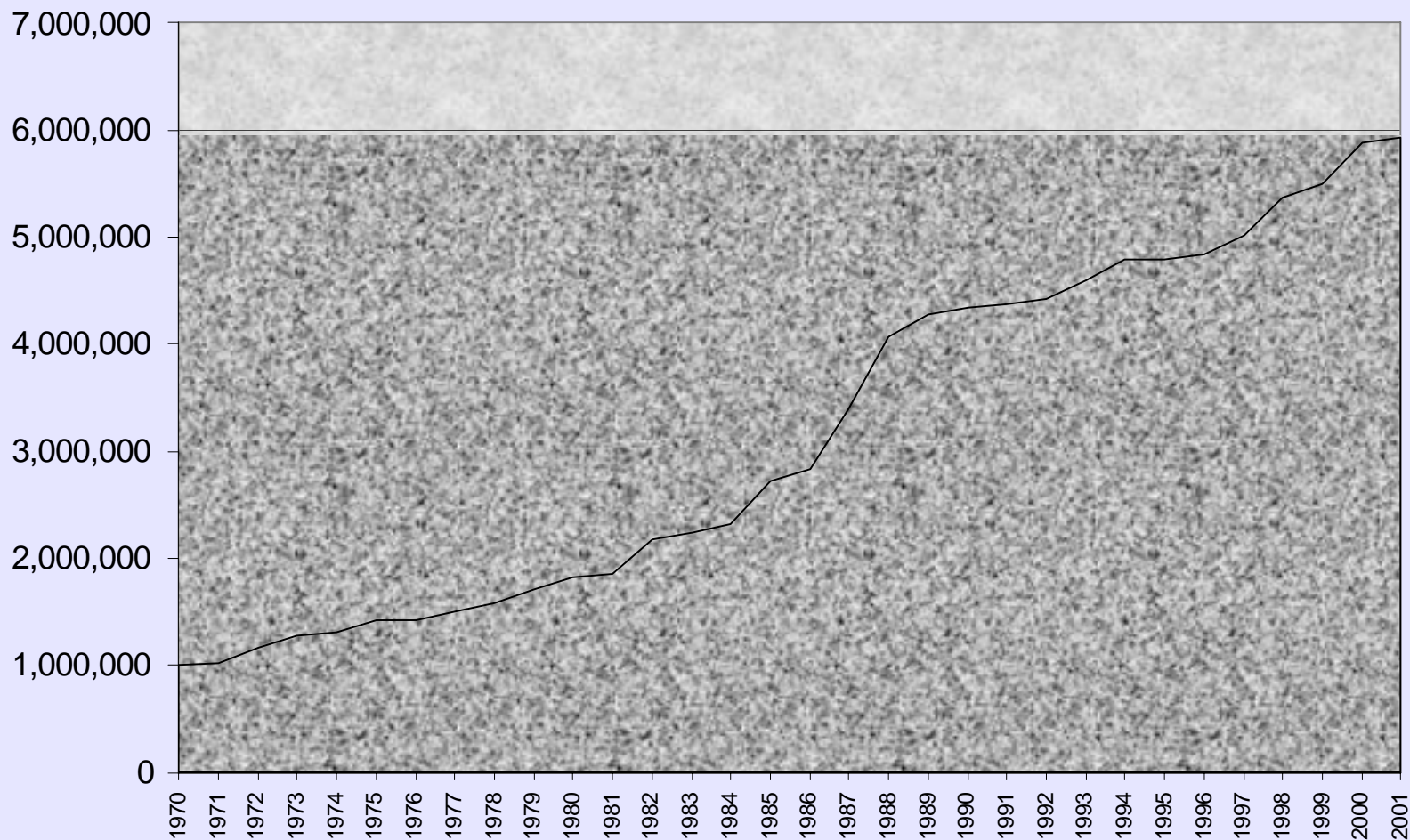
- Capital facility exists or will be built
- Has capacity to serve new development
- Costs known or reasonably estimated
- Proportionate cost allocation by sector
 - Residential vs. non-residential
 - Proportionate to demand
- Adjusted for costs of pre-existing needs

PRIVATE SECTOR EMPLOYMENT IN LONDONDERRY 1980-2000



Source: NH Employment Security; reporting private wage & salary
employment covered by compensation insurance

CUMULATIVE GROSS FLOOR AREA OF COMMERCIAL-INDUSTRIAL BUILDINGS IN LONDONDERRY - 1970 TO 2001



Source: Tabulation of Londonderry Property Tax Assessment Data

Impact Per Unit of Development: Example: Peak Trip Generation

TRIP GENERATION RATES - TRAFFIC (SAMPLE ONLY)		
Land Use	PM Peak Trip-Ends	
Residential	Per Unit	
Single Family	1.01	
Condo	0.55	
Apartment	0.63	
Non-Residential	Office	Shopping Center
20,000 Square Feet	57	52
50,000 Square Feet	112	182
100,000 Square Feet	186	361
200,000 Square Feet	310	658

Off-site exactions vs. fees

■ EXACTIONS

- Water, Sewer, Drainage, Highway only
- Can include “upgrades”
- More specific benefit to particular development
- Enable under subdivision regulations
- Case by case review

■ IMPACT FEES

- Assess to all new development
- Improvements of general benefit to new development
- Enable by ordinance
- Pre-determined in an impact fee schedule
- Generally not negotiable though waivers may apply

Impact fees vs. Property tax

Impact Fee

- Proportionate to demand
- Paid only by new development
- Applies only to capital costs
- Town obtains revenue as development occurs
- Limited time (6 years) to appropriate non-impact fee funds for projects

Property Tax

- Proportionate to property value
- Cost distributed to all taxable property
- Funds operating and capital costs
- Annual budget & capital reserves

Role of the CIP

- Prerequisite to fees: adopt the CIP
- To help support fees, CIP should:
 - Define size, capacity of existing facilities
 - Flag capacity-related expenditures
 - Look beyond minimum 6-year period
 - Discuss existing demand & future needs
 - Make sure school district participates

Misconceptions

- Impact fees are illegal - lawsuits everywhere
- Can't have both impact fees and a growth management ordinance
- New development won't cost us anything
- A “municipal impact fee” for general use
- Funding administrative costs with impact fees
- Using school fees to reduce the town tax rate

Issues in fee development

- No facility plans
- Using standards to define needs
- Reluctance to apply to non-residential
- Failure to budget other funds
- Concept of recoupment
- Waivers allowed, but with no criteria
 - Schools and “senior housing”
 - Waivers for “affordable housing”
- Vesting issues

Salem residential impact fees

FEES APPLICABLE TO GENERAL RESIDENTIAL DEVELOPMENT

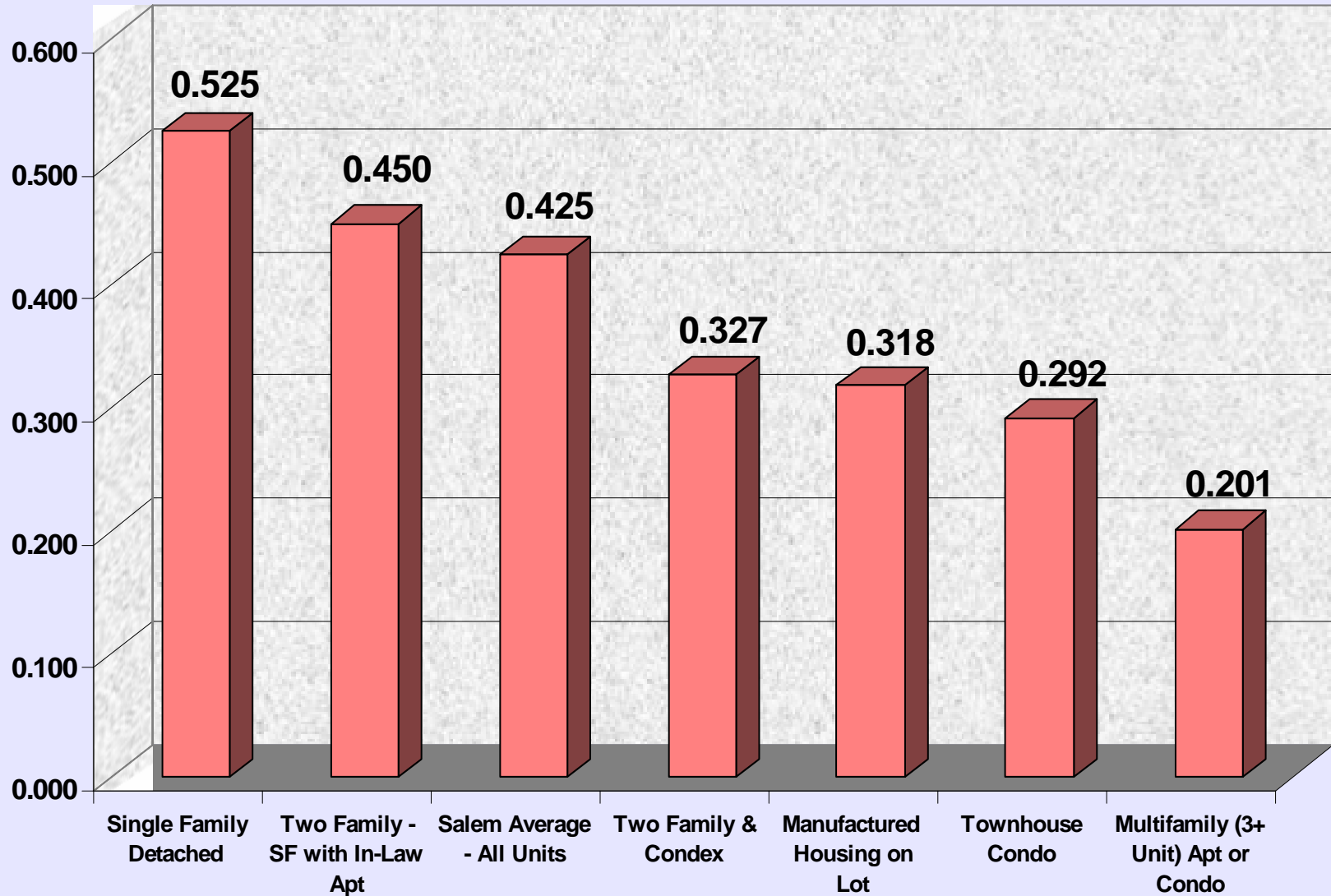
Type of Structure	Impact Fee Per Dwelling Unit			
	Schools *	Recreation*	Public Safety	Total
Single Family Detached	\$3,991	\$1,003	\$538	\$5,532
Townhouse	\$2,277	\$1,048	\$821	\$4,146
Duplex & 2-Unit	\$2,917	\$963	\$701	\$4,581
Multifamily 3+ Units	\$1,547	\$667	\$709	\$2,923
Mobile Homes	\$2,433	\$549	\$519	\$3,501

** School and recreation fees may be waived for qualifying age-restricted housing*

Salem school impact fee

- Elements of assessment
 - Pupils per unit
 - Sq. feet per pupil
 - Cost of schools per sq. ft.
 - Adjustment for tax payments
- Uniform assessment schedule
- Fee by structure type

**SALEM AVERAGE RESIDENT ENROLLMENT PER UNIT IN 2004
EXCLUDING AGE-RESTRICTED HOUSING**



Salem recreation impact fee

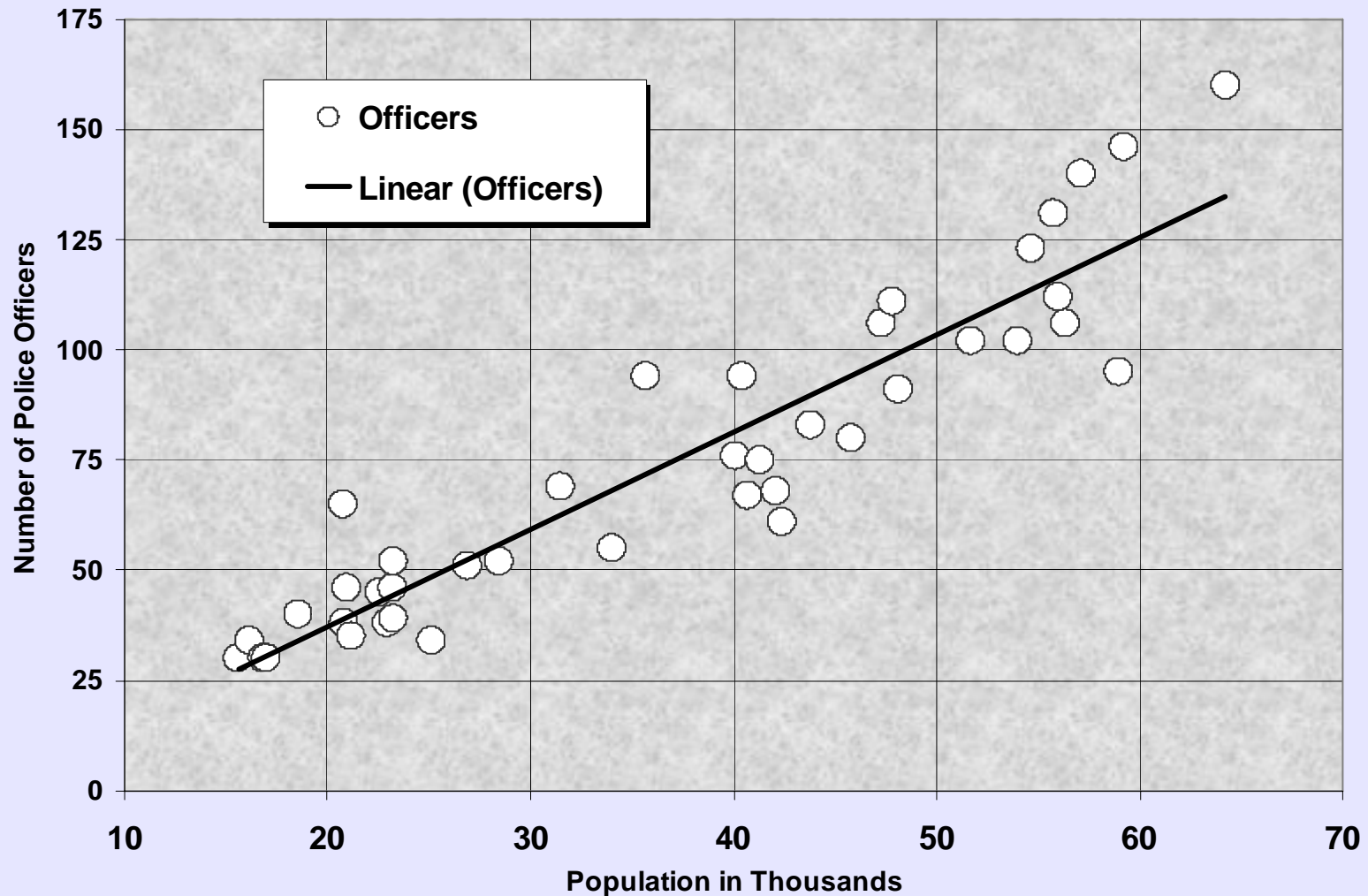
- Salem Recreation Master Plan
- Number of facilities per 1000 residents
- Capital cost per facility
- Compare needs @ existing vs. future population
- Compute cost of residential growth per capita
- Cost per dwelling unit based on household size
- Adjustment for tax payments for existing needs

Salem public safety impact fee

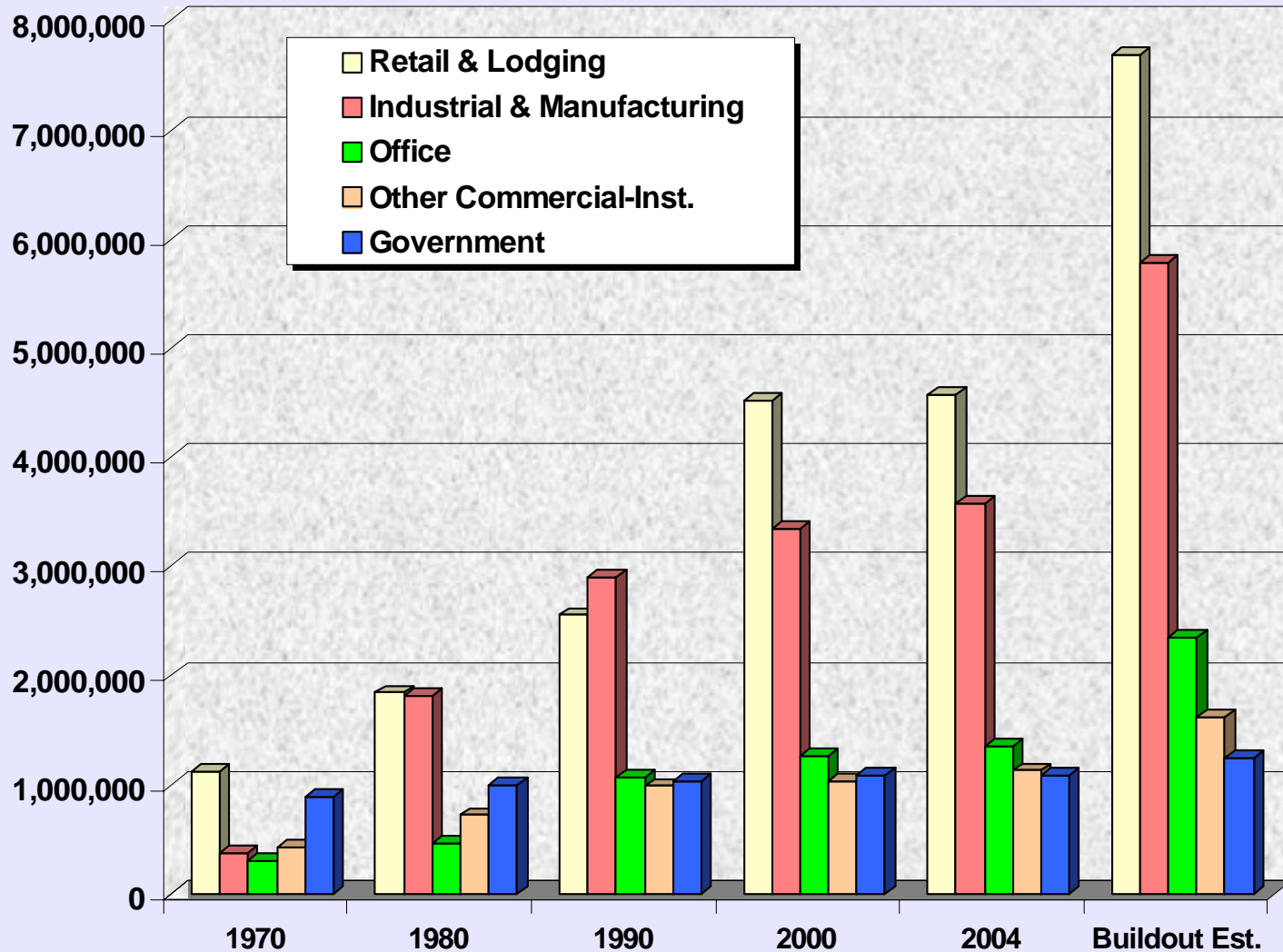
- Capital investment for estimated buildout
- Buildings & major vehicles/apparatus
- Cost share 50/50 res./non-res. development
- Cost per capita & per unit (residential)
- Cost per square foot (non-residential)
- Fire component adjusted for response rates
- Adjust for tax payments for existing needs
- Applies to all new development

Police Officers by Size of Community

Number of Police Officers By Size of Community
Selected Cities and Towns with Population 15,000+ in ME, NH, MA

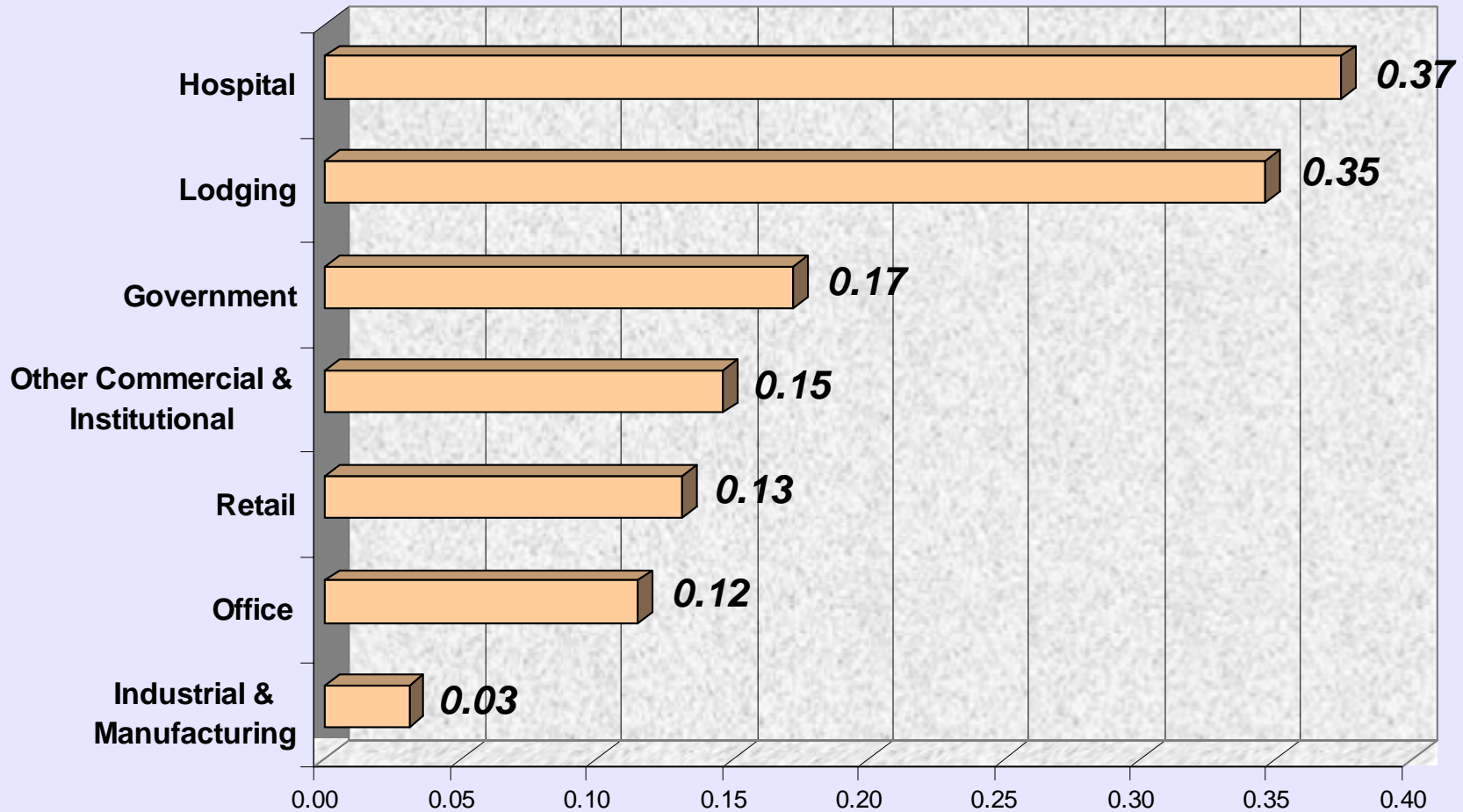


GROSS FLOOR AREA OF NON-RESIDENTIAL DEVELOPMENT IN SALEM

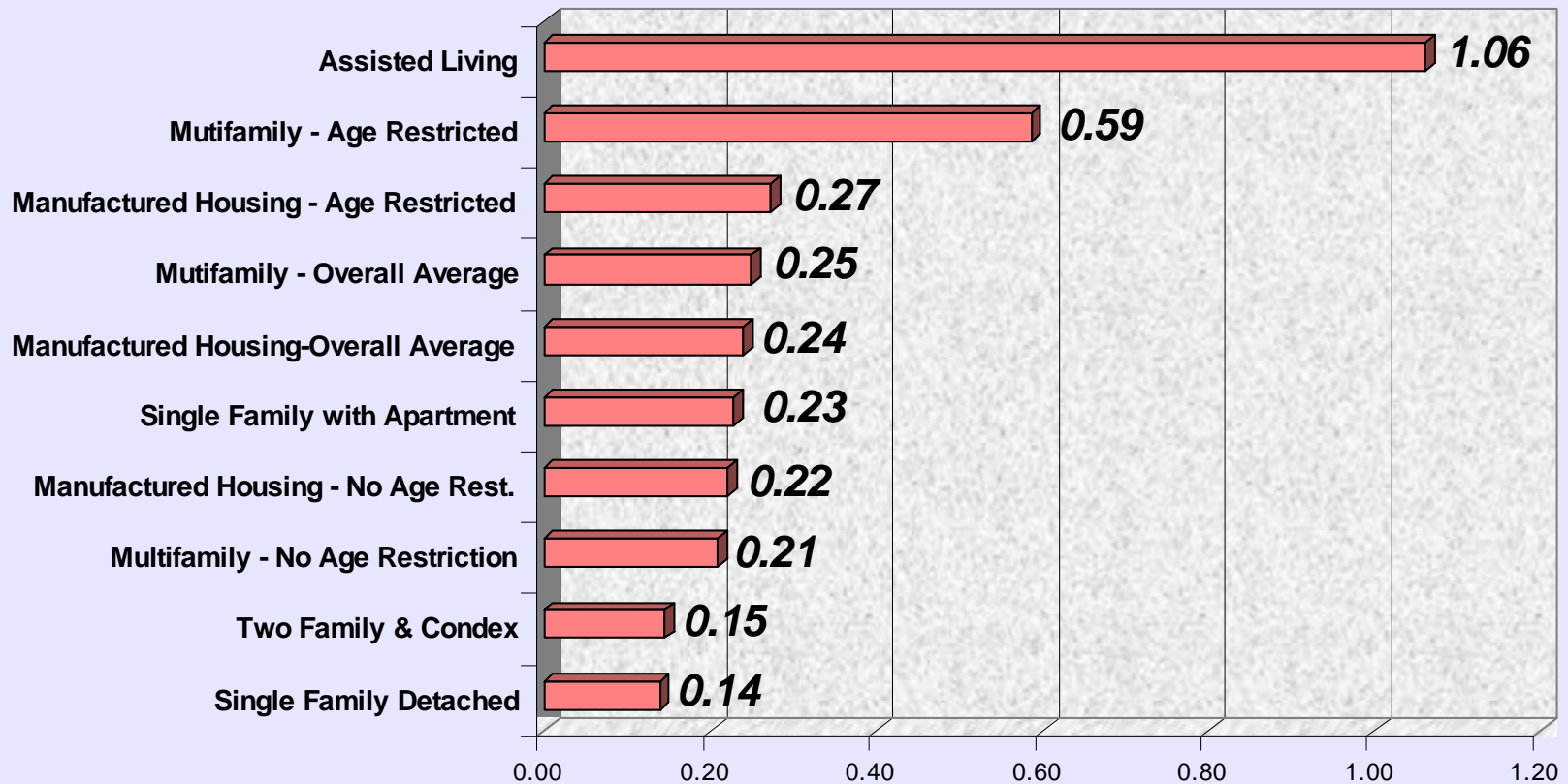


Buildout assumption includes the development of a net increase of 7 million square feet. Distribution of new development land use approximated using 2004 distribution of non-residential floor area by zoning district

Salem Fire Department responses per 1000 square feet - non-residential



Salem Fire Department responses per dwelling unit 2001 – residential uses



Salem public safety impact fee

Police Department

- Staff per capita
- Sq. ft. per PD staff
- Cost per sq. ft.
- Cruisers/officer
- Cost per cruiser
- 50/50 Res/non-res
- Adjust for tax cost of existing needs

Fire Department

- Fire station space
- Apparatus value
- 50/50 Res/non-res
- Per unit residential
- Per sq. ft. non-res
- Adjusted for relative response rates
- Adjust for tax costs of existing needs

Salem impact fees – other development

PUBLIC SAFETY FEES SENIOR APARTMENTS AND COMMERCIAL DEVELOPMENT

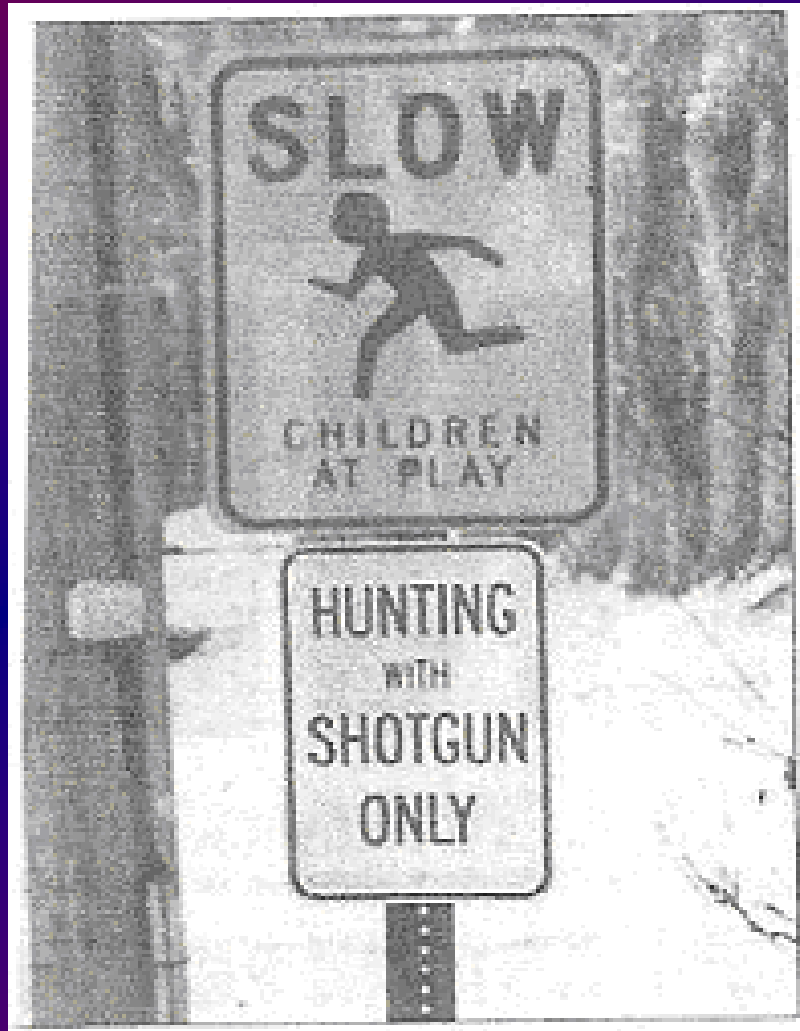
SENIOR APARTMENTS:

Type of Housing Unit	Public Safety Fee Per Dwelling Unit
Senior Apartments (No Personal Care)	\$1,376
Assisted Living (With Personal Care)	\$1,846

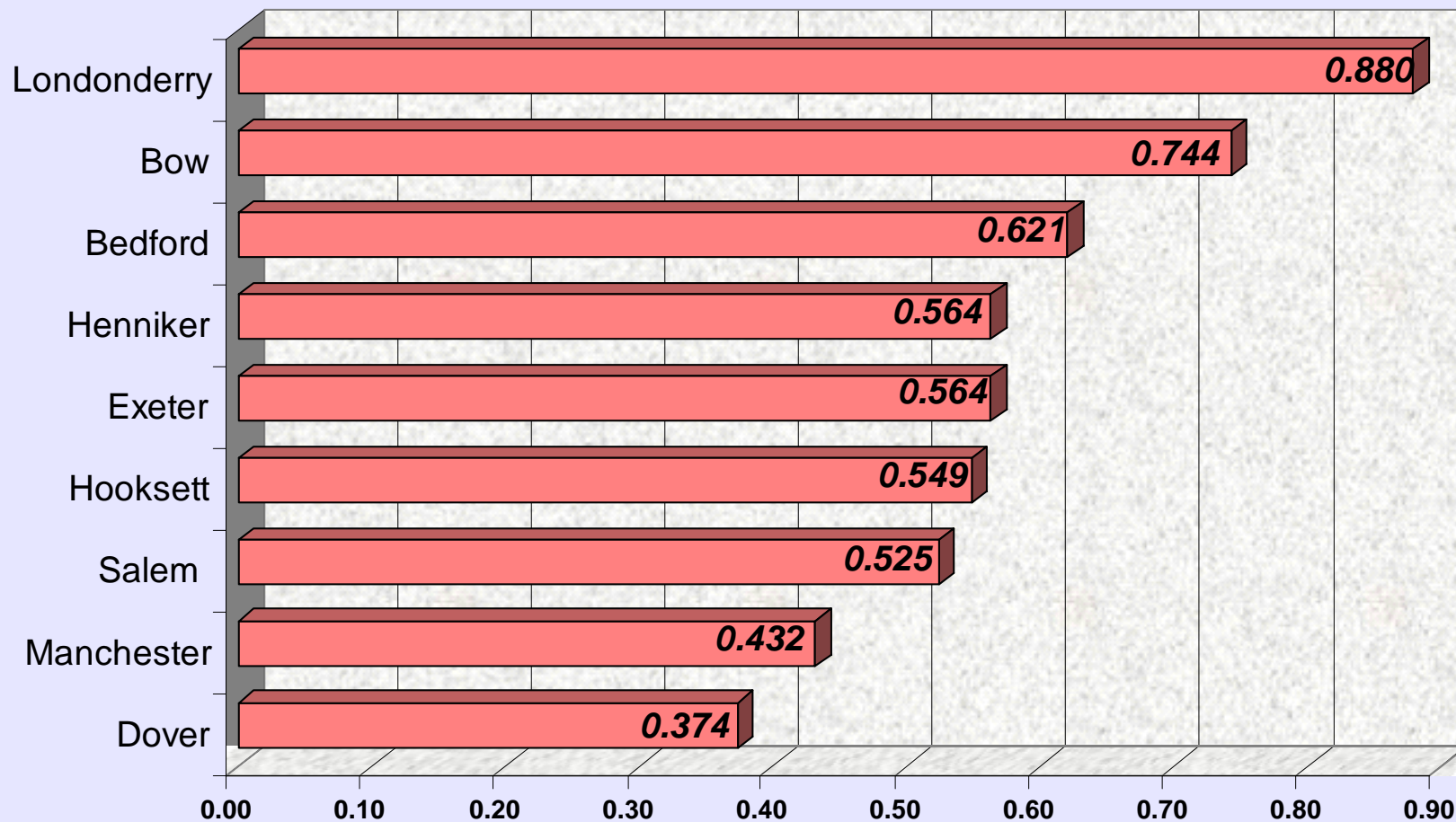
COMMERCIAL DEVELOPMENT:

Type of Development	Public Safety Fee Per Square Foot
Retail	\$0.57
Lodging	\$1.50
Office	\$0.56
Industrial & Manufacturing	\$0.30
Hospital	\$1.62
Other Commercial & Institutional	\$0.69

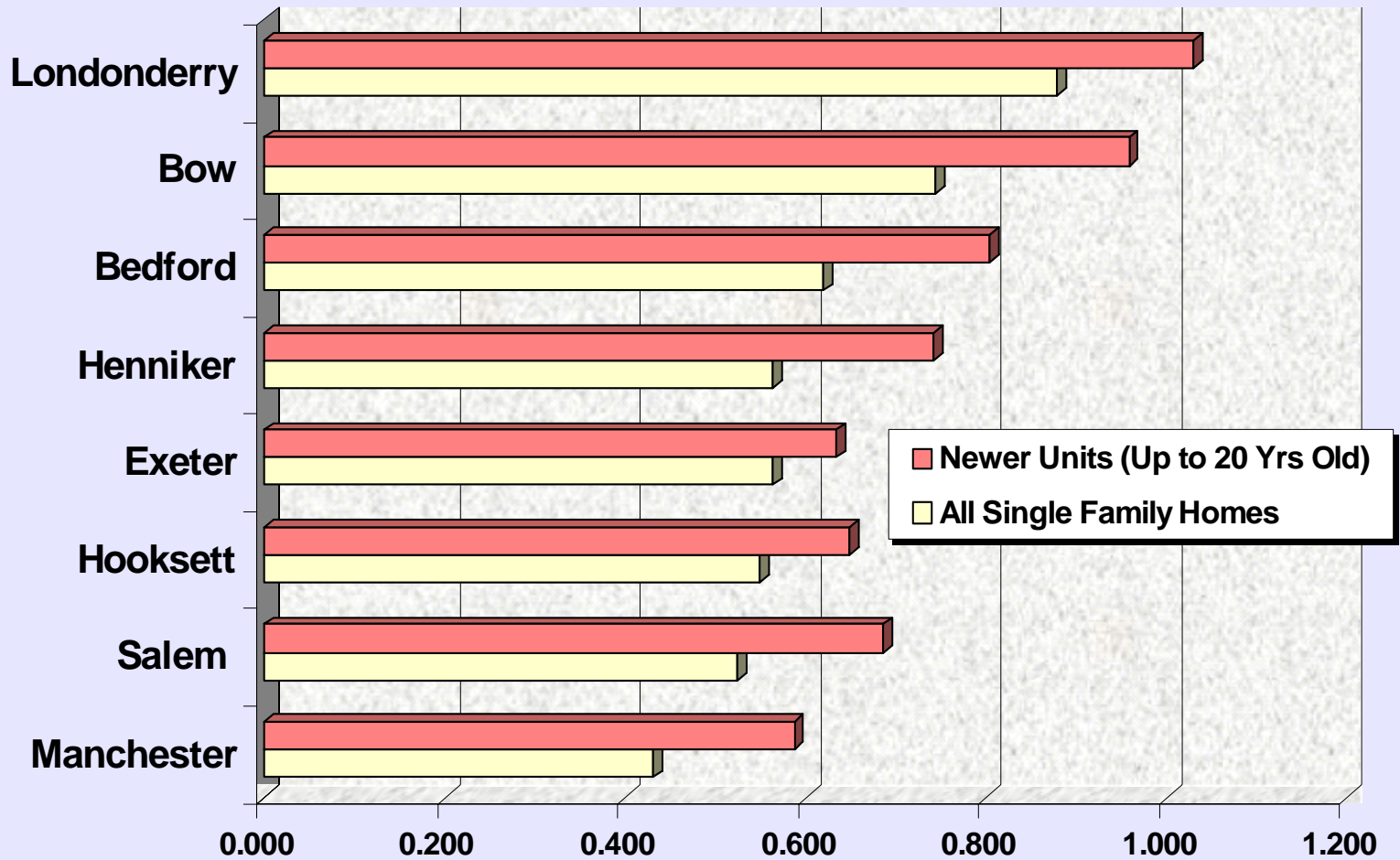
How concerns over school impacts can
get out of hand



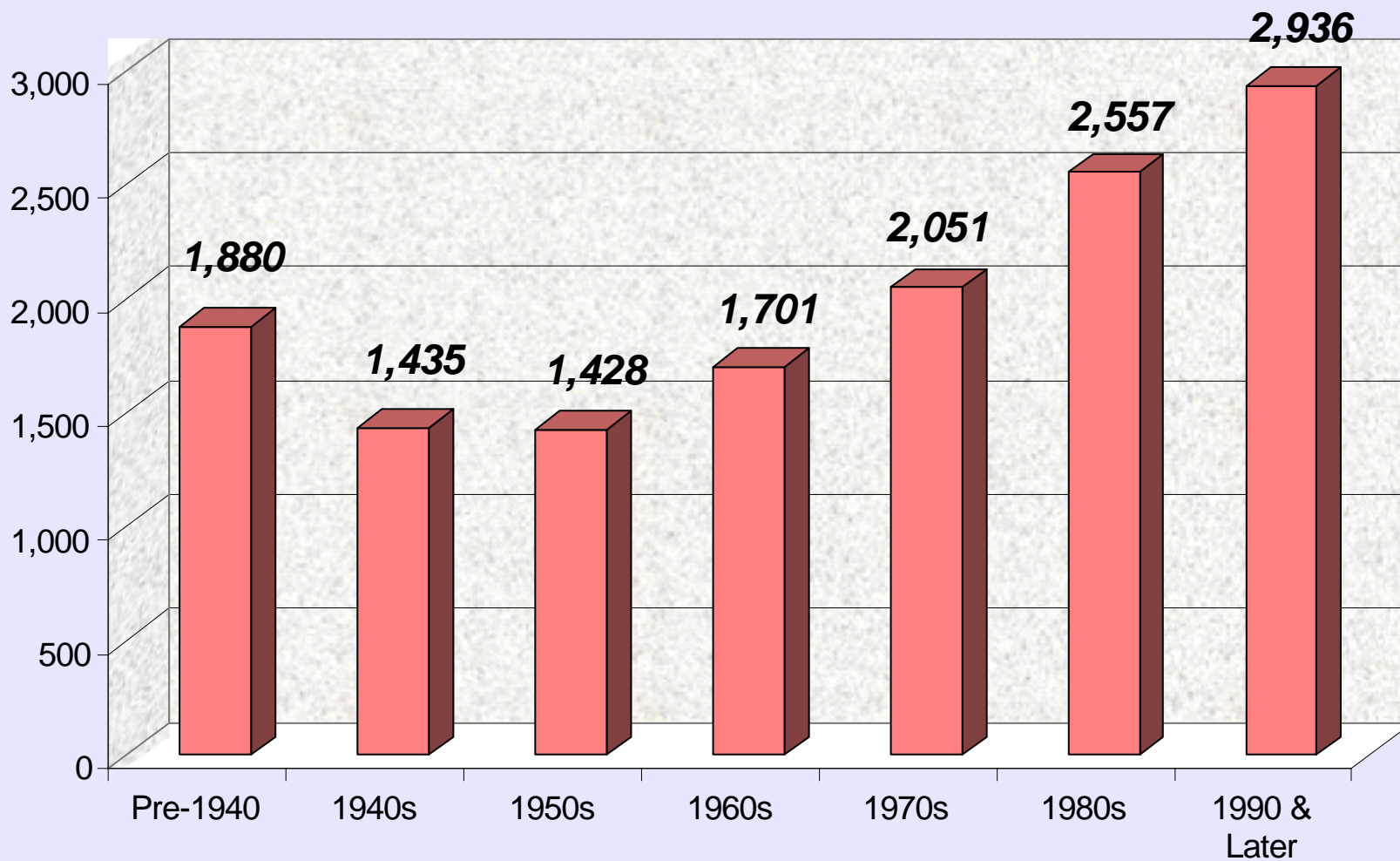
VARIATION IN AVERAGE PUBLIC SCHOOL ENROLLMENT PER SINGLE FAMILY HOME



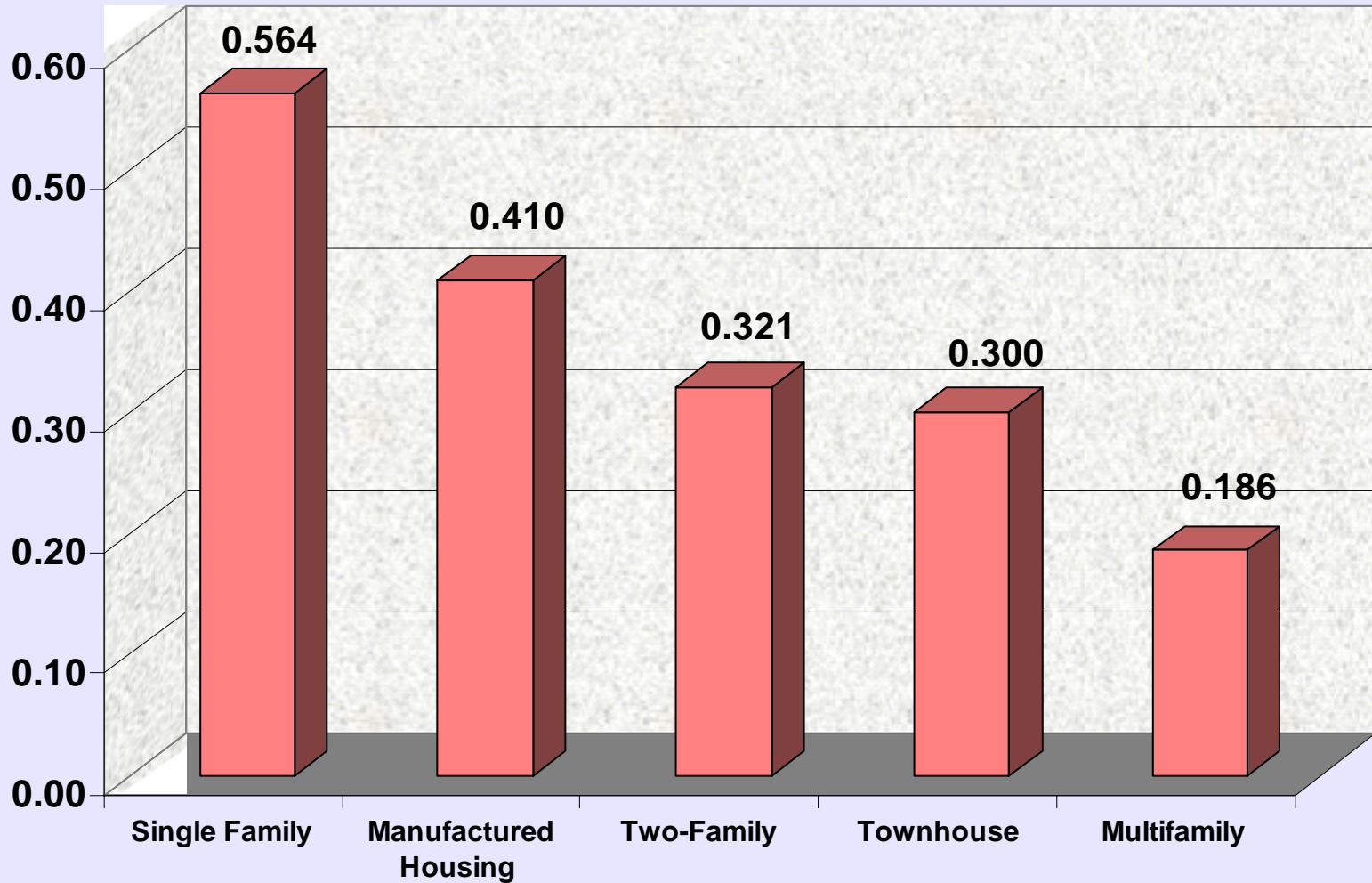
**AVERAGE PUBLIC ENROLLMENT PER SINGLE FAMILY HOME
NEWER UNITS VS. AVERAGE FOR ALL EXISTING HOMES**



AVERAGE GROSS LIVING AREA BY YEAR BUILT BEDFORD SINGLE FAMILY HOMES

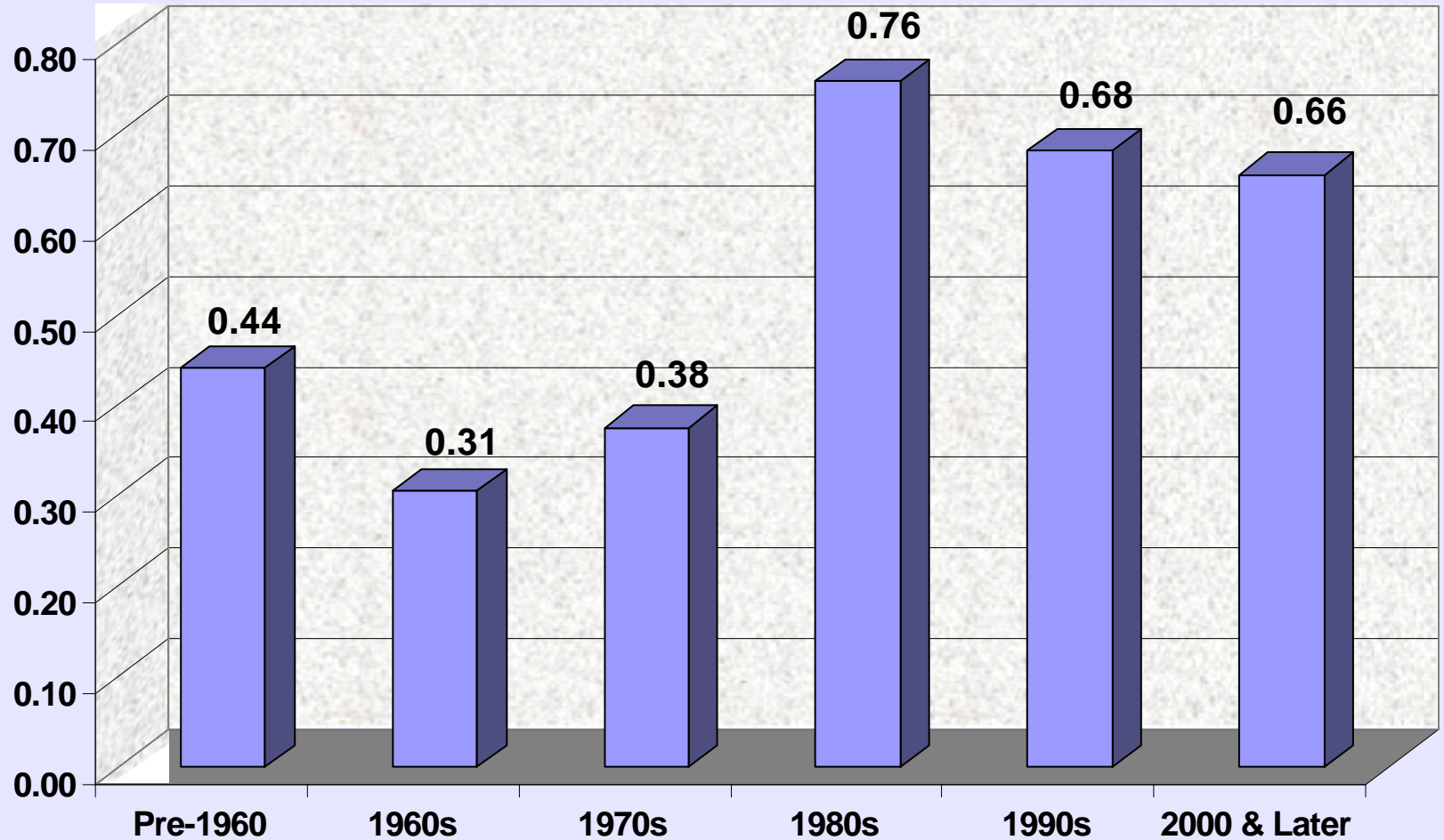


AVERAGE SCHOOL ENROLLMENT PER HOUSING UNIT IN HENNIKER: 2004



Source: Consultant tabulation of enrollment and assessment data. Note: manufactured housing excludes trailers in campgrounds

2004 Public School Enrollment in Henniker Single Family Homes By Year Built



Source: Consultant tabulation of resident enrollment by property assessment characteristics

**NH AVERAGE SCHOOL ENROLLMENT PER OCCUPIED UNIT IN 2000 BY TYPE OF STRUCTURE AND BEDROOMS
TABULATION OF U. S. CENSUS PUMS DATA (5% SAMPLE) BY BRUCE C. MAYBERRY, PLANNING CONSULTANT**

STRUCTURE TYPE			NUMBER OF BEDROOMS IN UNIT						
NEW HAMPSHIRE - 2000	All Occupied Units		1 BR	2 BR	3 BR	4 BR	5+ BR	3 or More BR Combined	4 or More BR Combined
GRADE K - 4 PER UNIT									
Single Family Detached	0.2263		0.0193	0.0914	0.2283	0.3438	0.3271	0.2667	0.3411
Single Family Attached (Incl. Townhouse)	0.1486		----	0.0958	0.2656	----	----	0.2655	----
Two Unit Building	0.1553		0.0272	0.1192	0.2565	0.2151	----	0.2453	0.2221
Three or Four Unit Building	0.1528		0.0155	0.1224	0.3735	----	----	0.3703	----
Five or More Unit Building	0.0940		0.0184	0.1095	0.4464	----	----	0.4447	----
Mobile Home (Manufactured Housing)	0.1441		0.0139	0.0771	0.2534	----	----	0.2887	----
GRADE 5-8 PER UNIT									
Single Family Detached	0.2006		0.0169	0.0815	0.1969	0.2889	0.4356	0.2362	0.3125
Single Family Attached (Incl. Townhouse)	0.1189		----	0.0699	0.2060	----	----	0.2109	----
Two Unit Building	0.1383		0.0334	0.0917	0.2335	0.2581	----	0.2320	0.2287
Three or Four Unit Building	0.0933		0.0138	0.0929	0.1738	----	----	0.1920	----
Five or More Unit Building	0.0636		0.0148	0.0688	0.3201	----	----	0.3251	----
Mobile Home (Manufactured Housing)	0.1111		0.0287	0.0463	0.2042	----	----	0.2433	----
SUMMARY OF GRADE K-8 PER UNIT									
Single Family Detached	0.4269		0.0362	0.1729	0.4252	0.6327	0.7628	0.5029	0.6536
Single Family Attached (Incl. Townhouse)	0.2674		----	0.1658	0.4716	----	----	0.4765	----
Two Unit Building	0.2936		0.0606	0.2109	0.4901	0.4731	----	0.4773	0.4509
Three or Four Unit Building	0.2460		0.0293	0.2153	0.5473	----	----	0.5623	----
Five or More Unit Building	0.1576		0.0332	0.1782	0.7666	----	----	0.7698	----
Mobile Home (Manufactured Housing)	0.2553		0.0426	0.1235	0.4577	----	----	0.5321	----
GRADE 9-12 PER UNIT									
Single Family Detached	0.1804		0.0103	0.0587	0.1844	0.2649	0.3436	0.2161	0.2775
Single Family Attached (Incl. Townhouse)	0.1023		----	0.0714	0.1623	----	----	0.1703	----
Two Unit Building	0.1315		0.0391	0.0691	0.2230	0.2892	----	0.2386	0.2708
Three or Four Unit Building	0.1022		0.0351	0.0886	0.1841	----	----	0.2070	----
Five or More Unit Building	0.0657		0.0113	0.0764	0.3254	----	----	0.3119	----
Mobile Home (Manufactured Housing)	0.0986		0.0160	0.0512	0.1823	----	----	0.2006	----
TOTAL GRADE K-12 PER UNIT									
Single Family Detached	0.6073		0.0465	0.2316	0.6096	0.8975	1.1064	0.7190	0.9311
Single Family Attached (Incl. Townhouse)	0.3698		----	0.2372	0.6339	----	----	0.6468	----
Two Unit Building	0.4251		0.0996	0.2800	0.7131	0.7624	----	0.7159	0.7216
Three or Four Unit Building	0.3483		0.0644	0.3040	0.7314	----	----	0.7693	----
Five or More Unit Building	0.2233		0.0444	0.2547	1.0919	----	----	1.0817	----
Mobile Home (Manufactured Housing)	0.3539		0.0586	0.1747	0.6400	----	----	0.7327	----

Source: 2003, Tabulations by Bruce C. Mayberry, Planning Consultant, using source data from U. S. Census Public Use Microdata Sample (5%) for 2000.
Data reflects pupils enrolled in school (public and private) in grades K-12 per occupied housing unit based on the PUMS 5% sample for New Hampshire
The above enrollment averages may be adjusted to reflect the public portion of enrollment where data on the percent attending private schools is available.
Cells with no data (----) indicate that average enrollment data would probably be unreliable due to small sample size